

While the smart card is readily adaptable to multifunction use by means of its ability to store and process significant amounts of data in interactive processing through a smart card computer network when the smart card is attached to a network adapter (the point of sale terminal), the present invention addresses these problems through a significantly different approach: the use of a magnetic strip "dumb" card. Where the smart card has addressable memory and microprocessor capabilities, the dumb card merely contains a unique identification number similar to that contained in prior art bank cards, such as the VISA card and the MASTERCARD card. The magnetic strip adhered to the card is encoded with this number so that the number can be read by a standard, bank card point of sale terminal. Such existing point of sale terminals possess a sensor which detects the magnetically encoded number. The card usually also has the number embossed on the card so that the number can be entered into the keypad which is also contained in the standard, prior art, point of sale terminals used for prior art bank cards. Therefore, the dumb card can be used simply by entering the account number information into a keypad. A process which can be accomplished without any physical contact between the point of sale terminal and the card. The card does not do any processing. Both the smart card and the prior art dumb cards can have passwords or PIN numbers associated with their use to discourage unauthorized use.

The smart card developers solve the problem of permitting multifunctional use of the smart card by requiring the card's insertion into an interactive processing device which alters the information contained within the card's memory as a result of the transaction. This requires the card to be physically and electronically in contact with the transaction network during each smart card mediated transaction so that the information on the card can be updated to reflect the

transaction. In contrast, the dumb card can be used by merely entering the account information and PIN number on a keypad, or even by the card holder's orally speaking the account number to an order taker over the telephone. As the dumb card has no ability to collect or alter any information stored on its magnetic strip, even when used in a standard swipe-type point of sale terminal, any information regarding the various accounts and uses made of the dumb card must be collected and stored elsewhere. A significant component of the present invention is the means disclosed for allowing a simple dumb card to function with multiple accounts over a standard point of sale bank card transaction device and network.

The system of the present invention has significant advantages over the use of smart cards as disclosed by Bertina and others. A primary advantage of the "dumb card" system is the lower cost of the dumb card compared to the smart card. Further, the loss of a dumb card is less detrimental to the card holder as the card has no sensitive information stored on it. The sensitive account information used by the system of the present invention is stored in networked computers which can be backed up and mirrored to reduce the possibilities that a malfunction could result in a loss of data. Whereas damage to a smart card could result in material loss to the card holder.

Another advantage of the system of the present invention is the ability to use standard point of sale terminals and existing magnetic card technology. This allows vendors to market and accept the services offered through the multifunction cards of the present invention without any additional investment in point of sale terminals or smart card readers.

The examiner rejects claims 1-66 as being anticipated by or obvious in light of Bertina. However, Bertina teaches a self contained, portable intelligent device including a microcomputer. See Col. 3 lines 12-15, Col. 4, lines 11-20.

While Bertina calls its interface device a point of sale (POS) terminal, it is not a standard POS for swiping magnetic "dumb" cards or alternatively for entering the card's embossed account number through a keyboard. Rather, Bertina describes an interface device which interacts with a portable intelligent device. See Bertina, Fig. 1 and Fig. 2 and associated text. In contrast to Bertina's computer on a card (Bertina col. 5. line 66 through col. 6 line 8, the present invention uses a standard, magnetic strip, embossed ATM type card which is readable by an "existing standard retain point of sale device." Application page 2 lines 6-7, page 4 line 25, page 6 lines 20-24, page 7 lines 3-15. See also claim 1 lines 5-7 and the other independent claims.

All of the claims of the present application are limited to the use of a dumb card which can be used with any standard POS bank card terminal either by swiping, keyboard entry or equivalent means. Bertina does not teach any such "dumb card" system. In contrast, the interface device (POS) of Bertina is a unique part of that invention. It allows a remote processing center to "communicate" with the smart card of the Bertina system. Col. 5, lines 49-53. The card acceptance device "couples" the card to the interface device. Col. 5 lines 41-44. There is no mention of "swiping" a card, such is in the present claims or of simply entering the card account number into a keyboard as in the present invention. Application page 6. lines 22-23.

There are 11 independent claims in the application, claims 1, 16, 20, 23, 27, 29, 32, 34, 50, 57 and 60, all of which are distinguished from Bertina as all of these claims include the

limitation that the card is used by swiping it through an existing standard point-of-sale device. Further, claims 1, 16, and 20 include means for receiving data from the standard point of sale device. As is clear from the specification, the receiving means directs the data transmitted from the standard point of sale terminal to a processing hub, Fig. 1, 103. See, e.g., Page 6, line 16. In the preferred embodiment, the hub is reached through the banking network. Page 6, line 26. The processing hub is reached through a link between a sponsoring institution whose processor serves as a link between the remote processing hub and the point of sale terminal. Page 7 line 18-20.

Claims 23, 27, 29, and 60 clearly refer to a processing hub distinct from the point of sale device. Claims 32, 34, 50 and 57 include an additional limitation of a transaction processor, also distinct from, but in communication with, the point of sale device and in communication with the processing hub. In contrast, the interface device 11 of Bertina is a point of sale terminal (see column 5, lines 49-50) and not a transaction processor within the meaning of claim 32. Claim 32 is directed to a transaction processor that is remote from and receives card data from a point of sale device.

The "processing hub" 27 disclosed in Bertina is the CPU on the smart card 13. The CPU does not receive card data from the transaction processor or from the point of sale terminal, because the data resides on the smart card which contains a CPU. In the claimed invention of the present application the card is a dumb card which does not include a processing hub (CPU) or a database. In contrast to Bertina, where the data is stored on the smart card, in the present invention the data is stored in a processing hub in a central location remote from the POS terminal. The processing hub of the present invention is accessible by multiple card holders.

With respect to the Examiner's obviousness rejection of claims 1-31 and 34 through 66 over Bertina, it is important to note that Bertina discloses a password and/or PIN to read data from the smart card 13. In contrast, in the claimed invention a BIN (bank identification number) is placed on the dumb card that uniquely identifies the multifunction card system within the banking network. This permits the transaction reported by the existing, standard POS terminal to be routed through the banking system to the remote multifunction card processing hub.

Bertina does not disclose a card having a unique identification number comprising a bank identification number corresponding to the multifunction card system, as claimed in Claim 1 of the present application. Rather than having a BIN-type number as a required part of the unique identification number, Bertina merely discloses a password used to permit access to data which is on the smart card itself and may allow a PIN number to access certain more secure files also present on the card itself. While passwords and PINs may also be included in the unique identification number and serve similar functions in accessing data on the remote processing hub as served by Bertina's password and PIN to access data on the smart card, this is not the same function served by the BIN number, element "a" of claim 1 of the present invention.

Rather than being used to access data carried on the card, as is the case in Bertina, the BIN number identifies the multifunction card system within the banking network to permit routing of the transaction from the POS terminal to the remote transaction processor and the multifunction card processing hub.

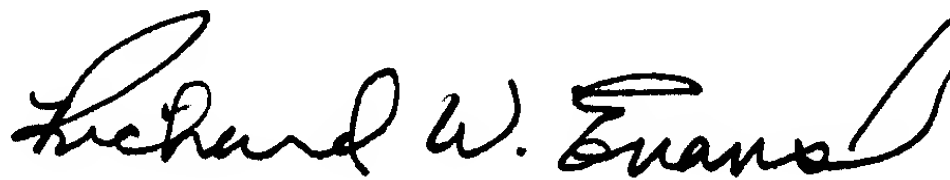
Further, Bertina does not disclose elements "b" through "e" of claim 1, that is, the use of a dumb card to provide an electronic gift certificate or many of the other functions claimed in the present invention. We submit that these functions are not obvious in view of Bertina. Bertina

presents no teaching regarding how to resolve the issues of freezing the account during one transaction to protect the account from overdraws in light of the fact that, in the present invention the card does not have to be present for use of the account to occur. See application page 13, lines 8-11 (seizure of database during transaction) and page 6, line 22-23 (the invention extends to manual entry of card identification number).

Further, as the unique identification number of the present card can be used to effect long distance calls on a touch tone telephone by merely entering the identification number manually, Bertina does not teach, and it is not obvious how something similar could be accomplished with a smart card unless the telephone was equipped with a special smart card reader.

For the foregoing reasons, applicant believes that the Examiner's objections have been effectively traversed. Therefore, allowance of claims 1 through 66 without amendment is submitted to be in order, and such action is respectfully requested.

Respectfully submitted,

A handwritten signature in black ink, reading "Richard W. Evans". The signature is fluid and cursive, with a long, sweeping line extending from the end of the name.

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